

# HOUSE BILL REPORT

## HB 2114

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**As Reported by House Committee On:**  
Health Care & Wellness  
Health & Human Services Appropriations

**Title:** An act relating to establishing a forum for testing primary care medical home reimbursement pilot projects.

**Brief Description:** Establishing a forum for testing primary care medical home reimbursement pilot projects.

**Sponsors:** Representatives Seaquist and Cody; by request of Governor Gregoire.

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 2/19/09, 2/20/09 [DPS];

Health & Human Services Appropriations: 2/25/09 [DP2S(w/o sub HCW)].

**Brief Summary of Second Substitute Bill**

- Directs the Health Care Authority and the Department of Social and Health Services to design, oversee implementation, and evaluate one or more primary care medical home reimbursement pilot projects.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Cody, Chair; Driscoll, Vice Chair; Campbell, Clibborn, Green, Moeller, Morrell and Pedersen.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Ericksen, Ranking Minority Member; Bailey, Herrera, Hinkle and Kelley.

**Staff:** Dave Knutson (786-7146)

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In 2007 the Legislature enacted legislation that provided health care coverage to children with family incomes at or below 250 percent of the federal poverty level. As part of the legislation, the Department of Social and Health Services (DSHS) was directed to identify explicit performance measures that indicate that a child has an established and effective medical home and to report the measures to the Legislature by December 2007. In the report, dated November 30, 2007, the DSHS workgroup recommended the adoption of the medical home definition identified in the Washington State Medical Home Fact Sheet, a concept document created by the Washington State Partnership for Medical Homes. The document provides that a medical home is "an approach to delivering primary health care through a 'team partnership' that ensures health care services are provided in a high-quality and comprehensive manner."

In separate 2007 legislation, the DSHS was directed to work with the Department of Health (DOH) to design and implement medical homes for its aged, blind, and disabled clients in conjunction with chronic-care management programs to improve health outcomes, access, and cost-effectiveness. The legislation provided that the approach was to build on the Washington State Collaborative Initiative (Collaborative), based on a systematic approach to health care quality improvement in which organizations test and measure practice innovations. The DOH has implemented the legislation through the Washington State Collaborative to Improve Health, in which several medical teams work to improve the quality of care delivered by their primary practice. The focus areas for the DOH Collaborative are asthma, diabetes, and hypertension for adults, and asthma, medical homes, and obesity for children.

In the same legislation, the DSHS was instructed along with the state Health Care Authority to develop a five-year plan by September 1, 2007, to change provider reimbursement protocols in order to reward quality and incorporate evidence-based standards.

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**Summary of Substitute Bill:**

The Health Care Authority and the DSHS will design, oversee implementation, and evaluate one or more primary care medical home reimbursement pilot projects. The pilot projects will include public payors, private health carriers, third party payors, and health care providers. The pilot projects will terminate July 1, 2013. The pilot projects will not constitute a violation of state or federal antitrust laws.

**Substitute Bill Compared to Original Bill:**

Third party payors are included in the list of participants involved in the primary care medical home reimbursement pilot projects.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is an important, collaborative effort to design a reimbursement model that will support and encourage the expansion of the medical home concept across the state.

(With concerns) Optometrists should be considered primary care providers.

**Persons Testifying:** (In support) Richard Onizuka, Health Care Authority; Glen Streen, Washington Academy of Family Physicians; Diane Giese, Puget Sound Health Alliance; Scott Plack, Group Health Cooperative; Sydney Smith Zvara, Association of Washington Health Care Plans; Chuck Levine, CIGNA; Mel Sorensen, America's Health Insurance Plans; Jonathan Seib, Office of the Governor; and John Fletcher and Dr. Kevin Haughton, Providence Health and Services,

(With concerns) Brad Tower, Optometric Physicians of Washington.

**Persons Signed In To Testify But Not Testifying:** None.

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**HOUSE COMMITTEE ON HEALTH & HUMAN SERVICES APPROPRIATIONS**

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 15 members: Representatives Pettigrew, Chair; Seaquist, Vice Chair; Schmick, Ranking Minority Member; Alexander, Assistant Ranking Minority Member; Appleton, Cody, Dickerson, Ericksen, Johnson, Miloscia, Morrell, O'Brien, Roberts, Walsh and Wood.

**Staff:** Erik Cornellier (786-7116)

**Summary of Recommendation of Committee On Health & Human Services Appropriations Compared to Recommendation of Committee On Health Care & Wellness:**

The second substitute bill's declaration that the growth of primary care is desirable and that the current payment system undervalues primary care is removed.

The Health Care Authority (HCA) and the DSHS may select a pilot site that employs a list of activities associated with medical homes. The HCA and the DSHS are directed to choose a reimbursement method for this pilot site that includes a fixed monthly payment per person. Agreements for payments made directly by a consumer or other entity paying on behalf of the consumer shall comply with provisions applicable to direct patient-provider primary care practices. The HCA and the DSHS may include a high deductible health plan or other health plan designed to wrap around the primary care services of this pilot project.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is a continuation of a discussion that started some time ago and was reflected in various bills in previous years. This bill serves three purposes. First, it demonstrates a commitment to medical homes. Second, it acknowledges that the state can lead but needs private purchasers. Third, it removes antitrust concerns that discourage health care participation. This is likely something the Governor would have agencies participate in without the bill. The Health Care Authority is doing this in conjunction with members of the community, so there are significant resources being committed to the activity.

Others have piloted medical homes and the results were terrific. Doctors like more time with patients and patients like more time with doctors. Health outcomes have been great, and the pilots broke even on costs and expects them to go down.

Washington is a leader across the country on primary care, and the University of Washington hopes that the hundreds of students training in its system can enter into an environment that is supportive of primary care.

(Opposed) None.

**Persons Testifying:** Representative Seaquist, prime sponsor; Jackie Der, University of Washington; Richard Onizuka, Health Care Authority; Jonathan Seib, Governor's Office, and Joe King, Group Health.

**Persons Signed In To Testify But Not Testifying:** None.